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**THE IMPACT OF CORRUPTION ON SOCIETY  
AND ECONOMIC DEVELOPMENT**

The problem of corruption is common in many countries, and Ukraine is not an exception. To date, the extent of shadow economy reaches 45%. This problem concerns different branches of economics of the country. The main reasons which lead to the problem of corruption are the following: lack of necessary verification of professional and ethical values of individuals which are in managerial positions; shadow economy; frequent changes of legislation in the sphere of regulation of entrepreneurship.

According to the study of the international non-governmental organization Transparency International, police is considered to be the most corrupted structure, the courts takes the second place, the customs – the third accordingly [1]. The most common reasons are signing of papers for land use, sale of property at low prices. Almost 40% of Ukrainians stated that they and their family members had to pay bribes [2]. It is interesting, that on these purposes, the country's population is spending much more money today than on paying taxes. Obviously, it affects Government reputation significantly, but, unfortunately, the problem stays the same.

There are two existing anti-corruption main models. The first one is Singaporean. The main place in this scheme is tight control of the state over the activities of officials, multiplied by a serious tightening of punishment for corruption. This model is effective for developing countries, and it could also change the situation in Ukraine. However, we need strong governmental support to implement such model.

The second model is acceptable for more developed countries and it is called – Scandinavian. It emphasizes the elimination of the very possibility of corruption. This is achieved through liberalization of the economy, publicity in the activities of state bodies and high ethical standards, which the state sets before state employees.

This year Ukraine received 30 points out of 100 possible, improving the entire result compared to 2017 by only 1 point. Therefore, on the map of Europe, Ukraine and Russia (which has 29 points) are the most corrupted countries [3].

Experts note that a slight increase in the rating of Ukraine was achieved due to the fact that in 2017 the Ukrainian anti-corruption bodies (SAP and NABU) sent to court the first cases on suspicion of corruption of high-

ranking officials. Also among the reasons for the slight improvement are gas market reform and the appropriate electronic declarations register.

When talking about corruption we always tend to think that it is impossible to get rid of it, indeed, if we look at corruption – it is spread all over the world even if we take the most advanced governments. There are many theories on ways of preventing corruption.

The most interesting theory of preventing corruption is proclaimed by R. Klitgaard, he postulates that corruption will occur if the corrupt gain is greater than the penalty multiplied by the likelihood of being caught and prosecuted:

*Corrupt gain > Penalty  $\forall$  Likelihood of being caught and prosecuted*

The degree of corruption then will be a function of the degree of monopoly and discretion in deciding who should get how much on the one hand and the degree to which this activity is accountable and transparent on the other hand. Still, these equations (which should be understood in a qualitative rather than a quantitative manner) seem to be lacking one aspect: a high degree of monopoly and discretion accompanied by a low degree of transparency does not automatically lead to corruption without any moral weakness or insufficient integrity. Also, low penalties in combination with a low probability of being caught will only lead to corruption if people tend to neglect ethics and moral commitment.

Corruption should always be stopped since it is one of the most destructive "parasites" in the world. Globally, the World Economic Forum has estimated that the cost of corruption is about US\$2.6 trillion a year. The impacts of corruption disproportionately affect the most vulnerable people in society. Widespread corruption ruins investments, makes economic growth weak and destroys the rule of law. It might be a very high mountain to climb, but if we start fighting corruption in our surrounding, the world will become corruption-free in no time at all.

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